

Quarterly report June 2023

Markets

Slowly but surely banks and other financial stocks recovered lost ground after the bank run on mid-sized banks in the US. Clearly these were idiosyncratic events and very company specific. For Europe none of these circumstances were valid. But as always trust comes slowly and fear as a freight train. Spooky stories about exposure to commercial real estate found a lot of ground on social media. And yes, commercial real estate is doing less, but that's why banks carry provisions on their balance sheet. But these days, it seems, all events are either very good or very bad. There is nothing in between. That's is the number one reason why equity markets are doing rather well. Last years'events; rising inflation, components shortages, Ukraine war, Covid China, recession, earnings recession etc. have been chewed out to the last bit which have scared everybody off. Never have so much selling activity been going on to the benefit of raising cash. And as time passed on most of these events, noting as disastrous as the prophets wanted you to believe has evolved. And so, positioning was as negative as it could be at the beginning of the year, waiting for the heaven to come down. But it didn't. Economic growth was hanging in, labor markets were sound, and inflation stopped rising and followed a downward trajectory. Q1 earnings were ok and commodities were not as red hot as before. A benign environment for equities. And with the Artificial Intelligence theme popping up, the most hated rally was created. And yes there are reasons why you could sell if you worry about economic growth and valuations (in the US). But grosso modo there isn't any selling power left and most macro factors have been on the front page for many months now and are factored in. For most asset managers there is actually no alternative (TINA) than to step onboard.

Portfolio

The second quarter was on and off. Markets mostly moved sideways awaiting any new development or more clarity on inflation, growth, and if China starts to stimulate growth. Is economic growth coming off? Is the labor market cooling? and what about inflation? Will Central Banks continue their path? These items caused all the daily volatility, as there is daily news on that front, pros and cons, for everyone. But as the market got tired of going around in circles, traded volumes dropped dead. And with the market quite illiquid, individual pricing went all over the place. We took some leverage of the table but kept net exposure long. As we think we have seen the top in inflation and yields have seen their summum, we alter the portfolio a bit more to growth and tech. The resurrection of China has a very long run-up and in the meantime, US, European economic growth is slowing, or coming to a halt. Which blurs the picture for cyclicals. Financials will have a harder time with slowing growth and lower yields. Although, since long, they offer real value. Dividend stocks should do well. But the best are in the cyclical space. We reckon we will see lower yields in the second half and growth stocks will just benefit. As they are heavy weights in most indices, we don't see much downside in markets. But the truth is not that much upside much either. Most of these growth stocks don't offer value. But nothing new on that front. And as inflation ebbs, we reckon the hey days for staples are over and pricing power will wane and lose their defensive features.

Outlook

Lower inflation will be the key theme for the second half. Central Banks will come to a halt. It is to be seen into what extend the US economy be slowed down. There is no need to expect Armageddon. Just an ordinary economic cycle adjustment. We are just in de midst of inventories adjustments. As long as labor markets stay ok-ish and salaries are raised, the public has ample spending power. Lower yields will support equity markets. But if it is enough to overcome slower earnings growth is to be seen. The very bearish positioning in US and Europe makes the downside limited. That said, The US offers an alternative in the bond market, which will benefit first. Europe is a bit different story and yields are no alternative to equities to compensate for inflation. We wouldn't be surprised that markets fall back into a Goldielocks scenario in the end. Probably with a bit higher growth and higher inflation than before. Zero emission, the de-globalization will drive inflation for many years, but also growth. For now, we foresee markets going nowhere during summer, until a decisive turn has been taken for core inflation to come done.

Performance Directional Share Class Long Only

Net Asset Value June	176.7
Long Only Return	5.3%
Europe Total Return	2.7%
YTD Return Long Only	13.3%
YTD Europe Total Return	14.8%
Best monthly return last 12 months	13.9%
Worst monthly return last 12 months	-8.4%
12 month return	31.2%
3 year return	79.8%
5 year return	52.3%
10 year return	149.5%
Since Inception	190.4%
Since Inception Europe Total Return	65.2%

Performance Share Class LongShort

Net Asset Value June	188.7
Net Asset Value March	177.5
Fund Return	6.3%
YTD Fund Return	10.5%
YTD Europe Total Return	14.8%
Best monthly return last 12 months	7.9%
Worst monthly return last 12 months	-6.8%
12 month return	15.3%
3 year return	67.3%
10 year return	51.1%
Since Inception Total Return	88.7%

Risk (12m) Long Only

Number of Longs	31
Top 5 Longs as % Equity	59%
Top 10 Longs as % Equity	93%
Delta	143%
Beta forward	147%
Beta realised	64%
Volatility realised 3Y	15%
factor momentum	26%
factor value	6%
factor quality	28%
factor growth	37%

Risk (12m) LongShort

Gross Exposure/Leverage	200%
Long	143%
Short	57%
Net Exposure	86%
Number of Longs	31
Number of Shorts	24
Top 5 Shorts as % Equity	18%
Top 10 Shorts as % Equity	29%
Beta forward	118%
VAR/monthly/ 95%conf.	5.1%



Performance TradeWind Long Only in %

Year	Position	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR	CUM
2007	TWC Long Only									1.5%	0.7%	-5.4%	-0.9%	-4.2%	-4.2%
	Euro Stoxx index									0.1%	3.0%	-3.3%	-0.5%	-0.8%	-0.8%
2008	TWC Long Only	-12.3%	-1.7%	-7.7%	8.2%	4.3%	-8.4%	-4.2%	2.5%	-18.1%	-18.7%	-7.5%	-1.1%	-51.8%	-52.9%
	Euro Stoxx index	-13.0%	-1.0%	-2.7%	6.3%	0.9%	-11.7%	-1.7%	1.3%	-11.5%	-15.9%	-6.2%	0.2%	-45.1%	-45.1%
2009	TWC Long Only	-1.1%	-4.9%	3.9%	12.9%	7.6%	-1.2%	3.3%	1.8%	1.0%	0.8%	3.2%	9.2%	41.4%	-33.4%
	Euro Stoxx index	-6.7%	-10.9%	3.9%	16.0%	18.2%	-13.1%	9.6%	5.8%	4.4%	-4.5%	1.7%	5.6%	27.7%	-29.9%
2010	TWC Long Only	-0.9%	1.5%	10.5%	2.2%	-9.3%	2.1%	14.6%	-9.0%	11.0%	1.1%	4.4%	17.2%	50.5%	0.2%
	Euro Stoxx index	7.3%	2.0%	-7.7%	-2.4%	-19.0%	-3.2%	7.6%	12.5%	5.3%	3.9%	-5.0%	5.6%	2.7%	-28.0%
2011	TWC Long Only	3.9%	2.4%	4.8%	2.5%	-1.3%	-3.8%	-5.6%	-9.7%	0.9%	6.8%	-3.4%	4.7%	0.8%	1.0%
	Euro Stoxx index	4.4%	2.0%	-2.5%	3.6%	-2.3%	-0.9%	-5.9%	-12.9%	-6.0%	8.5%	-2.4%	-0.3%	-15.3%	-39.0%
2012	TWC Long Only	3.9%	7.5%	3.4%	-3.9%	-9.0%	4.1%	-0.1%	1.3%	-0.8%	-0.1%	3.2%	4.5%	13.5%	14.6%
	Euro Stoxx index	5.6%	4.3%	-0.1%	-5.1%	-7.1%	6.3%	2.7%	4.0%	1.2%	1.8%	2.7%	2.4%	19.3%	-27.2%
2013	TWC Long Only	4.4%	-6.4%	0.4%	-0.3%	6.6%	-2.7%	6.7%	1.5%	5.7%	7.9%	2.4%	-0.2%	28.2%	47.0%
	Euro Stoxx index	3.2%	-0.8%	3.0%	0.0%	3.5%	-5.5%	6.4%	-0.9%	5.9%	5.3%	1.2%	0.8%	23.6%	-10.0%
2014	TWC Long Only	4.1%	-3.5%	2.7%	0.7%	4.7%	-1.7%	-3.1%	-1.8%	3.7%	-4.5%	3.5%	0.8%	5.1%	54.5%
	Euro Stoxx index	-2.1%	5.0%	0.3%	0.9%	2.6%	-0.9%	-3.4%	1.6%	0.9%	-2.7%	4.7%	-2.4%	4.1%	-6.3%
2015	TWC Long Only	6.6%	11.6%	1.9%	1.9%	-2.3%	-1.4%	4.0%	-8.9%	-5.6%	5.6%	2.1%	-1.9%	12.6%	73.8%
	Euro Stoxx index	7.2%	7.3%	3.0%	-1.4%	0.5%	-3.9%	4.7%	-8.3%	-6.6%	9.5%	3.0%	-5.6%	10.4%	3.4%
2016	TWC Long Only	-5.9%	-2.2%	3.7%	-0.5%	3.6%	-7.2%	3.6%	0.9%	1.5%	4.3%	-0.9%	7.6%	7.9%	74.2%
	Euro Stoxx index	-5.9%	-3.0%	2.8%	1.1%	2.2%	-6.2%	5.1%	1.3%	-1.0%	1.2%	-0.4%	6.7%	3.8%	0.6%
2017	TWC Long Only	0.1%	1.2%	2.5%	1.8%	-1.3%	-1.1%	1.9%	-1.4%	2.7%	0.0%	-4.6%	-1.1%	2.0%	91.1%
	Euro Stoxx index	-1.0%	2.6%	5.4%	2.3%	1.6%	-2.7%	0.4%	-0.4%	4.5%	2.3%	-2.0%	-1.0%	12.5%	21.2%
2018	TWC Long Only	2.0%	-0.4%	-3.8%	6.2%	0.0%	-3.9%	3.4%	-3.0%	-0.8%	-10.6%	-3.9%	-9.9%	-23.1%	47.0%
	Euro Stoxx index	3.2%	-3.8%	-2.1%	4.9%	-1.5%	-0.9%	3.5%	-2.6%	-0.3%	-6.6%	-1.1%	-5.8%	-12.7%	5.8%
2019	TWC Long Only	8.2%	5.3%	-0.6%	6.5%	-5.5%	7.6%	2.5%	-3.6%	3.1%	1.6%	1.7%	3.2%	31.5%	93.2%
	Euro Stoxx index	6.2%	4.1%	1.4%	5.0%	-5.7%	5.2%	0.1%	-1.3%	3.7%	1.3%	2.8%	1.2%	26.1%	33.4%
2020	TWC Long Only	-4.5%	-5.4%	-16.4%	4.3%	2.5%	3.6%	-3.3%	5.6%	0.0%	-4.4%	21.0%	1.7%	0.4%	93.9%
	Euro Stoxx index	-1.7%	-7.9%	-16.9%	6.5%	5.2%	4.9%	-0.9%	3.5%	-1.8%	-5.7%	17.0%	2.1%	0.3%	33.8%
2021	TWC Long Only	2.5%	4.7%	7.0%	0.3%	3.5%	-1.6%	0.2%	4.1%	1.2%	2.2%	-6.8%	8.8%	28.6%	156.2%
	Euro Stoxx index	-1.4%	3.6%	6.6%	2.2%	2.5%	1.0%	1.5%	2.6%	-3.4%	4.2%	-3.2%	3.9%	21.8%	62.5%
2022	TWC Long Only	4.7%	-5.0%	2.2%	-0.6%	4.7%	-18.4%	8.9%	-4.8%	-8.4%	9.8%	13.9%	-7.9%	-4.9%	144.0%
	Euro Stoxx index	-2.8%	-5.2%	-0.2%	-1.7%	0.4%	-9.4%	7.3%	-5.0%	-6.2%	8.0%	8.1%	-3.5%	-11.4%	48.1%
2023	TWC Long Only	13.1%	1.1%	-1.4%	1.6%	-1.8%	5.2%	13.3%	190.4%						
	Euro Stoxx index	9.3%	1.9%	0.4%	1.4%	-2.5%	3.8%	14.8%	65.2%						

Performance TradeWind Equity Fund in %

Year	JAN	FEB	MRT	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR	CUM
2007									-0.2%	-3.1%	5.0%	1.8%	1.8%	1.8%
2008	2.1%	-3.1%	-6.1%	4.3%	3.6%	-2.8%	-0.5%	0.6%	-13.9%	-11.2%	-4.9%	-2.1%	-30.5%	-29.4%
2009	-3.2%	-1.1%	2.4%	10.5%	4.9%	-1.2%	-0.9%	-2.3%	-0.5%	1.9%	1.4%	3.4%	15.0%	-19.0%
2010	0.7%	4.5%	3.1%	2.1%	-0.7%	0.6%	11.2%	-4.5%	7.1%	-1.1%	5.2%	7.1%	39.2%	13.5%
2011	3.1%	0.7%	3.3%	0.7%	0.9%	4.0%	0.3%	2.3%	3.3%	1.8%	-2.3%	2.5%	22.4%	38.9%
2012	1.6%	2.3%	0.4%	-1.4%	-5.1%	1.7%	0.7%	-1.1%	-4.3%	-2.8%	3.0%	2.5%	-3.5%	34.0%
2013	0.2%	-8.0%	-0.5%	-3.3%	5.0%	0.7%	4.3%	1.0%	2.5%	4.5%	2.7%	-0.3%	7.9%	44.5%
2014	4.8%	-3.7%	1.5%	0.3%	2.7%	-1.3%	-0.3%	-3.1%	3.3%	-5.1%	0.5%	-0.6%	-2.8%	41.3%
2015	1.6%	3.8%	-0.6%	2.0%	-2.8%	-0.1%	-0.1%	-2.8%	-1.7%	-0.8%	0.5%	-0.4%	-2.9%	37.1%
2016	-2.9%	-0.4%	2.2%	-1.4%	2.2%	-5.8%	-2.8%	-0.6%	0.7%	4.6%	-0.5%	5.2%	-1.2%	34.9%
2017	0.0%	-0.4%	0.7%	1.3%	-2.4%	-1.0%	1.7%	-1.0%	1.5%	0.2%	-4.6%	-1.4%	-6.3%	26.4%
2018	1.6%	2.0%	-1.4%	4.3%	-1.9%	-1.9%	0.8%	-1.8%	0.0%	-9.4%	-4.9%	-3.9%	-17.9%	0.9%
2019	4.4%	1.0%	-1.5%	2.9%	-2.3%	4.7%	2.5%	-1.6%	2.3%	1.6%	0.2%	2.9%	15.6%	16.7%
2020	-3.5%	-0.4%	-2.2%	2.1%	0.8%	0.1%	-0.5%	4.3%	1.3%	-2.1%	13.9%	1.2%	14.6%	33.8%
2021	6.5%	5.1%	2.3%	-2.0%	5.3%	-2.3%	0.1%	5.3%	1.2%	0.8%	-4.8%	8.0%	27.4%	68.9%
2022	6.4%	-2.6%	2.7%	0.9%	2.2%	-11.8%	3.5%	-1.3%	-5.5%	8.6%	7.9%	-6.8%	2.0%	70.7%
2023	6.9%	0.3%	-3.0%	2.5%	0.2%	3.5%	10.5%	88.7%						